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SUBJECT: GUATEMALA'S PUBLIC TRANSPORTATION DILEMMA

REF: A. GUATEMALA 135
[1](#)B. GUATEMALA 644

[1](#)1. (U) Summary: Soaring gasoline prices, increased violence against bus drivers, and protracted talks of a fare increase are among the factors placing Guatemala's public transportation system under increasing strain. Bus owners demand greater government subsidies to offset their increasing expenses, while drivers want more police protection. Passengers have been forced to rely on buses that are poorly maintained and regulated and prone to accidents. Government officials and organizations representing the interests of urban bus companies, bus drivers, and passengers outlined the competing demands that make it difficult for the government to act. End Summary.

Rising Gasoline Prices

[1](#)2. (SBU) In meetings with poloffs, government officials and union representatives opined that soaring gasoline prices could lead to social unrest as bus owners and drivers threaten to increase fares in order to offset their increasing operating expenses. According to Luis Gomez, Vice President of the Association of Urban Bus Companies (AEAU), which represents bus owners, the bus fare should be increased by four times the current rate to allow owners to cover their expenses. Previous attempts to increase the bus fare have led to localized unrest, as in April 2000 when five people were killed during violent protests in the capital over an authorized fare increase. The GOG retracted the fare increase in response to the protests.

[1](#)3. (SBU) In a country where the poverty rate is 51 percent, even a slight increase in the bus fare can significantly impact the ability of Guatemala's poorest citizens to cover their basic needs. Gomez believed that politicians would not risk riots by raising rates. Congressman Noe Orellana, President of the Communications, Transportation, and Public Works Committee of Congress, agreed with that assessment.

Gang Extortion

[1](#)4. (SBU) Rising gasoline prices and increased criminal activity and violence on public buses make bus drivers one of the groups most affected by Guatemala's transportation dilemma. According to Victoriano Zacarias, Secretary General for the Guatemalan Drivers Union, a union representing public transport drivers, bus drivers do not receive a fixed income, medical insurance, paid vacation, or any of the other benefits usually afforded to workers. In addition, bus drivers must pay out of their own pocket the daily rental fee, gasoline and maintenance expenses, their conductors' salaries, as well as an extortion commonly known as a "war tax" to gang members. To compensate, drivers often charge passengers more than the authorized fare. There is no system in place to protect passengers from unauthorized fares, although in recent weeks the transit police have been imposing fines on bus drivers that engage in such practices.

15. (SBU) A growing concern among unions representing bus drivers is the increasing level of violence on public buses (ref A). AEAU's Gomez indicated that in 2007, 43 drivers were killed in Guatemala City, and that 20 have been killed already this year. While some were robbed, most were killed because they did not pay the extortion demanded by gang members. According to union leader Zacarias, economic necessity forces drivers to work even the most dangerous routes, where members of the 18th Street Gang and Mara Salvatrucha (MS-13) regularly patrol. According to Edgar Guerra, President of the Association of Urban and Suburban Passengers (AUTUE), gang members transport drugs on certain routes, sometimes with the bus driver's complicity, further complicating the security situation.

16. (SBU) GOG officials and association representatives all agreed on the need for a pre-paid fare card system. The pre-paid card would prevent the need for drivers to work with cash and help reduce the incidence of violence against drivers. Passengers would go to pre-established sites to credit their bus cards, and an electronic system in each bus would then debit the correct fare. Guerra estimated that the system could be implemented in all 3,000 buses in the capital in two years. He said that the bus owners should cover the additional costs.

Government Subsidies: Where's the Cash?

17. (SBU) Government subsidies are intended to cover bus owners' expenses while maintaining the current passenger fare. According to bus owners, the current fare is not sufficient to cover operating costs. Bus owners had also expressed concern that the monthly subsidy of Q25 million (USD 3.36 million) was not enough to cover their expenses. On June 12, in response to bus owners' demands, the GOG authorized an additional Q8 million (USD 1.1 million) in monthly subsidies. Passengers, however, cite lack of accountability and corruption in the transfer of government subsidies as factors that undermine the quality of public transportation. According to AUTUE's Guerra, all transfers of the subsidies are in cash and there are no effective controls. The GOG reportedly has been unable to reconcile more than Q300 million (approximately USD 40 million) in authorized subsidies between 2005 and 2006, and documents showing the receipt of those funds have disappeared.

18. (SBU) While bus owners receive monthly subsidies for each bus, the GOG does not have a mechanism to effectively verify that the buses are actually circulating or that the subsidies are appropriately spent. According to Marco Antonio Arango, Deputy Director of the Transportation Directorate in the Ministry of Communications, there are only 12 inspectors to verify that the estimated 3,000 buses in Guatemala City are operating at least 26 days per month, as mandated. Guerra recommended increasing oversight with the use of a GPS system to ensure that buses receiving subsidies are in circulation.

"Only God Knows Whether I'll Get There"

19. (SBU) An association representing passengers highlighted deficiencies in customer service and demanded a safe and effective public transportation system. Guerra accused bus owners of importing abandoned second-hand buses from the U.S., barely repairing them, and using them for public transportation so that owners can receive government subsidies without investing in improving the transportation system. The result, he said, is that passengers are "shuttled like cattle" in overcrowded buses with broken seats and glass-less windows. Prayers and slogans painted on the back of buses, such as "Only God Knows Whether I'll Get There," reinforces passengers' sense of insecurity.

The Wheels on the Bus

10. (SBU) While local law stipulates that buses older than 20 years cannot operate, bus owners often do not comply with

this law. A study completed by Guerra's organization found that of the 3,000 buses operating in Guatemala City, 80 percent were in poor condition. According to Transportation Directorate Deputy Director Arango, more than 8,500 buses nationwide operate without the required insurance that would compensate passengers in case of injury. Many drivers do not comply with speed limits. According to Guerra, an estimated 15 percent of bus drivers do not even have licenses and some drivers are as young as 14. Arango added that bus drivers can easily obtain fraudulent licenses.

¶11. (SBU) On February 29, 56 passengers died in an accident reportedly caused by the bus driver's excessive speed, overcrowding on the bus, and perhaps faulty brakes. Corruption may also have been a factor. According to press reports, the former Deputy Director of the Transportation Directorate approved a circulation license for the bus, although the bus did not comply with legal requirements. The current Director of the Transportation Directorate, Augusto Marroquin, acknowledged that there is corruption in his agency. Congressman Orellana urged the Transportation Directorate to fire several employees, including inspectors. As a result, the Transportation Directorate canceled two QAs. As a result, the Transportation Directorate canceled two employees' contracts and is conducting investigations on several others.

Comment

¶12. (SBU) Guatemala City authorities are apparently contemplating a dramatic shift in the city's public transportation system. The proposal being considered would involve replacing the entire city fleet with new gas propelled buses imported from China. Supposedly the fuel savings over a seven-year period would be sufficient to pay for the buses. The buses would operate with a pre-pay system and would presumably be more environmentally sound. The GOG proposal sounds attractive, but questions remain as to how the fuel savings would be channeled to pay for the buses as well as questions regarding the logistics of switching from diesel to gas-operated units.

¶13. (SBU) Guatemala's ramshackle public transportation system is a danger to its users and a source of public frustration. With gasoline prices soaring and bus owners and drivers both demanding that the GOG take measures to lower operational costs, the situation remains volatile. Ensuring transparency and the proper use of subsidies and the implementation of a pre-paid fare card system could decrease the incidence of violence and extortion. Stricter enforcement of penalties against bus companies and drivers who violate the law as well as effective monitoring could reduce the number of bus accidents and regularize bus fare collection. The GOG's decision to authorize additional subsidies is a temporary palliative, since by September 1 the Executive would have depleted the funding authorized by Congress to cover subsidies. Subsequent government action could have both a social and economic cost. Should the government approve fare increases, riots by consumers also squeezed by rising food prices are likely. Alternatively, should the government not approve fare increases, bus drivers may strike with increasing frequency, putting the brakes on the economy.

Derham